

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

WESTERN MASSACHUSETTS ELECTRIC COMPANY
DOCKET NO. D.P.U. 97-46

ELECTRIC RATE UNBUNDLING FILING

MARCH 3, 1997

1 I. INTRODUCTION.

2

3 My name is Charles J. Roncaioli. I am employed by Northeast Utilities Service
4 Company (NUSCO) as Manager, Pricing Strategy and Administration. Appendix A of my
5 testimony describes my educational and business background.

6

7 In ~~Electric Industry Restructuring~~, D.P.U. 96-100 (Appendix I) (December 30, 1996), the
8 Department directed all electric companies to file unbundled rates on March 3, 1997 for
9 implementation during 1997. The Department indicated that the primary purpose of unbundled
10 rates during 1997 is informational. ~~Id.~~ at 319. The Department also directed that the
11 unbundled rates be revenue-neutral for the company as a whole, and for each rate class. ~~Id.~~ at
12 319-320. The Department further clarified in its February 14, 1997 letter that unbundled bills
13 should also be revenue-neutral as to each customer.

14

15 In compliance to the Department's order, the Western Massachusetts Electric
16 Company's (the "Company" or "WMECO") unbundled rate tariffs are provided in Appendix B of
17 my testimony along with the rate summary table (described below). The Company's bill
18 comparisons and sample bills for Rates R-1, 24, G-0, G-2, T-2 (includes Service Extension Credit)
19 and S-1 using the current and unbundled formats are included in Appendix C and D,
20 respectively. As shown in the rate summary table, bill comparisons and sample bills in
21 Appendices B, C and D, the Company's proposed unbundled rates produce revenue-neutral bills
22 for each customer. The Company's sample bill insert that contains a series of questions and
23 answers about unbundled bills as directed by the Department in its February 14, 1997 letter is
24 included in Appendix E.

25

1 II. UNBUNDLED RATES

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3 The Department directed each electric company to develop and submit a proposed billing
4 format that separately identifies and labels (1) generation charge, (2) transmission charge, (3)
5 distribution charge, and (4) a general access charge. ~~Id.~~ at 319-320. The Department clarified
6 its directive in its February 14, 1997 letter in which the Department identified the following
7 components to be shown on the unbundled rates; Distribution/Access Charge(s) (combined or
8 separate), Transmission Charge and Generation Charge.

9

10 Before the rates were unbundled, the Energy Conservation Charge was added to each
11 rate's Customer Charge. The Company's proposed Conservation Charge by rate to be effective
12 March 1, 1997 and the current Retail Fuel Adjustment Charge were added to each rate's
13 Energy Charge(s). The result is shown in the rate summary table in Appendix B of my
14 testimony. The following sections describe each component of unbundled rates. For the clarity
15 purpose, the charges for the Rate T-2 transmission level service and the Rate PR have been
16 unbundled and shown on respective rates.

17

18 Rates were unbundled by removing known or directed prices for Transmission and
19 Generation from the existing rates. By definition, therefore, the Distribution/Access Charge is
20 the remainder. In this fashion, it is assured that the unbundled rates will produce bills for each
21 customer and total revenue for rate class and the Company identical to the rates currently being
22 charged.

23

1 A. Transmission Charge

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3 The Company used its marginal transmission cost by rate to unbundle the transmission
4 portion from each bundled rate. The Company's latest marginal cost study is included in the
5 Company's February, 1996 filing in Docket D.P.U. 96-26.

6

7 B. Generation Charge

8

9 In the Department's February 14, 1997 letter, it defined the amount of the Generation
10 Charge to be used by all Massachusetts electric companies. For WMECO, the applicable option
11 was to use 2.8 cents per kWh, and that is the amount used in this filing.

12

13 C. Distribution/Access Charge

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15 This portion of the charge is used as the residual charge after unbundling the
16 transmission and the generation charges from the Company's current bundled rates.

17

18 I. ~~OTHER ISSUES~~

19

20 A. ~~Low Income Customer~~

21

22 The Company will continue to provide the current low income discount level of 35% on
23 qualified customers' base bills (this is not applicable to the Interruptible Rider to Rates R-1 and
24 R-3 and the Retail Fuel Expense Adjustment Clause). The eligibility of this rider is unchanged.

25

1 These customers will receive their unbundled bills as all residential customers and the discount
2 amount will be shown as a separate line item on their bills. The discount amount is equal to
3 35% on the unbundled bill less the Retail Fuel Expense Adjustment amount.

4

5 B. ~~Service Extension Discount Customers~~

6

7 For those ten customers who are receiving their electric service under this rider, the
8 applicability and the discount level on the base bills are unchanged. These customers will
9 receive their unbundled bills which include a separate line item for the discount amount which
10 is calculated as the same fashion as described above.

11

12 C. ~~Interruptible Rates I-1, I-2 and I-3~~

13

14 The applicable charges for these rates are unchanged from current interruptible rates.
15 The reasons for this is that these rates:(1) are closed; (2) are already unbundled (facility charge
16 reflects the distribution charge and the energy menu prices reflect the Company's energy cost);
17 and (3) serve only 6 customers.

18

19

20 This concludes my testimony.